

More than two-thirds of retirees say they live as well or better in retirement as they did when they were working, according to a recent study focused on retirees conducted by T. Rowe Price. Meanwhile, only 39 percent of current workers believe they will live as well or better in retirement. The study, "[Retirement Savings and Spending: Behaviors and Attitudes Toward Retirement](#)," also found that retirees are generally optimistic about retirement, with 84 percent agreeing that their retirement has turned out to be just as good or better than expected, and 80 percent agreeing that they are enjoying retirement more than their primary working years.

Health and the cost of health care are the top concerns leading into retirement, followed closely by assets lasting in retirement. Nearly 70 percent of retirees feel somewhat or very concerned about both their health and the cost of health care heading into retirement, followed by 65 percent of retirees reporting concerns about their assets lasting. The top three spending concerns in retirement all relate to health care. Seventy-two percent say long-term care services, like a nursing home, is the top spending concern in retirement, followed by health insurance premiums (64 percent) and out-of-pocket health care expenses (64 percent). Despite the concern for the cost of health care, a majority of retirees have enough money to pay for it. Seventy-seven percent of retirees say that they have enough money to pay for health care and this belief increases with the number of years spent in retirement: 71 percent of recent retirees say they have enough money for health care, compared to 81 percent of retirees 11 years or more into retirement. Conversely, only 46 percent of current workers believe they will have enough money to pay for health care in retirement. "It's interesting to see the significant contrast between the perception of living in retirement versus actually living in retirement. This contrast suggests that there is a mini-lifecycle in retirement; the initial anxieties and concerns many people have leading into retirement fade as they move through retirement and they learn to adjust and finally get comfortable with their new lifestyle," said Sudipto Banerjee, senior manager of thought leadership at T. Rowe Price. "It seems that retirement is like any other unknown; the perception of it changes with actual experience."

Seventy-two percent of retirees say they always pay their credit card balances in full when due compared to 39 percent of current workers. Additionally, only 28 percent of retirees would turn to a credit card in financial emergencies, compared to 47 percent of workers. Monthly Budget and Routine Bills: Fifty-two percent of retirees say they always stick to their monthly budget if they have one, compared to 26 percent of current workers. When it comes to routine bills, nearly nine in 10 retirees say they never have problems paying their bills on time (89 percent) compared to 58 percent of workers. "Across the industry, we're seeing more 401(k) plans providing participants with the option of leaving their assets in the plan after their retirement. Therefore, it's becoming increasingly important to understand retirees' needs and how we can best support them," said Aimee DeCamillo, head of T. Rowe Price Retirement Plan Services. "Understanding the needs of retirees also provides insight that can help plan sponsors better understand the future priorities of current workers and determine effective plan design strategies and communications plans that will provide the guidance necessary to meet those needs."

The findings are based on a national study of 1,005 current retirees who have a rollover IRA or left-in-plan 401(k) balance, and 3,005 adults age 21 and older who have never retired and are currently contributing to a 401(k) plan or are eligible to contribute and have an account balance of at least \$1,000.

The above is from the latest Cypen & Cypen newsletter located at <http://www.cypen.com>.

The full study can be found at [https://www3.troweprice.com/usrps/content/dam/troweplan/pdfs/rfa/RSS4\\_Retirees\\_Deck\\_for\\_Press\\_Release\\_FINAL.pdf](https://www3.troweprice.com/usrps/content/dam/troweplan/pdfs/rfa/RSS4_Retirees_Deck_for_Press_Release_FINAL.pdf)